

## Message Text

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ACTION COME-00

INFO OCT-01 AF-10 EUR-25 ISO-00 CIAE-00 DODE-00 INR-10

NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 SPC-03 DRC-01

ST-01 A-01 L-03 AID-20 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 /137 W

----- 071409

R 121130Z SEP 73

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 5632

INFO AMEMBASSY PARIS

USMISSION EC BRUSSELS

UNCLAS TANANARIVE 1277

E.O. 11652: N/A

TAGS: ETRD, MA, US, EEC

SUBJ: GOMR RAISES IMPORT TAXES ON MANY ITEMS

DEPARTMENT PASS TO COMMERCE

REF: TANANARIVE 1208 AND 1264 (NOTAL)

1. SUMMARY: GOMR IMPOSES LARGE INCREASE IN IMPORT TAXES FOR MOST CONSUMER ITEMS AS PART OF EFFORT TO LOWER OVERALL LEVEL OF IMPORTS AND BOLSTER GOVERNMENT REVENUES. INCREASES SHOULD HAVE LITTLE EFFECT ON US EXPORTS TO MADAGASCAR. END SUMMARY.

2. IN SEPTEMBER 5 EDITION OF JOURNAL OFFICIEL, GOMR ANNOUNCED SIGNIFICANT INCREASES (RANGING FROM 40-150 0/0) IN IMPORT TAXES (TAXES D'IMPORTATION) FOR OVER 200 TYPES OF ITEMS, LARGELY CONSUMER GOODS. LIKE NEW IMPORT QUOTA SYSTEM ANNOUNCED LAST WEEK (REFTELS), THIS MOVE IS AIMED PRIMARILY AT REDUCING OVERALL LEVEL OF IMPORTS AND AT ENCOURAGING DOMESTIC PRODUCTION. SECONDARY GOAL MAY WELL BE ATTEMPT TO COMPENSATE FOR LOSS IN GOVERNMENT REVENUES WHICH WOULD RESULT FROM FURTHER DROP IN IMPORTS. (GOVERNMENT REVENUE UNCLASSIFIED

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HAS ALREADY BEEN SERIOUSLY AFFECTED BY DECLINE IN OVERALL

BUSINESS ACTIVITY AND IMPORTS DURING PAST YEAR).

3. CHANGES IN IMPORT TAXES ARE AIMED PRIMARILY AT SO-CALLED "LUXURY ITEMS" USED PRIMARILY BY FOREIGN COMMUNITY AND WEALTHIER MALAGASY, BUT, SINCE TAXES HAVE BEEN INCREASED ON SO MANY COMMONLY USED CONSUMER GOODS (CLOTHING, SHOES, FOOD AND BEVERAGES, SOAPS, SHAVING ITEMS AND COSMETICS) MOST MALAGASY, EVEN THOSE OF MODEST MEANS, PARTICULARLY IN URBAN AREAS, WILL FEEL RESULTING PRICES HIKES. MOST AFFECTED WILL BE GOVERNMENT EMPLOYEES AND OTHER MIDDLE-CLASS ELEMENTS IN TANANARIVE.

4. EXEMPT FROM TAX INCREASES ARE PARTS OF AUTOMOBILES TO BE ASSEMBLED IN MADAGASCAR (PRESENTLY RENAULT, PEUGEOT, AND CITROEN). TAXES ON PRIVATE AUTOMOBILES IMPORTED ALREADY ASSEMBLED HAVE BEEN INCREASED FROM 40 TO 100 0/0.

5. SINCE FEW US CONSUMER GOODS ARE PRESENTLY SOLD ON MALAGASY MARKET, NEW IMPORT TAXES SHOULD NOT SIGNIFICANTLY AFFECT OVERALL IMPORTS TO MADAGASCAR. IN ADDITION TO IMPORT TAXES, IMPORTS FROM US (AND OTHER NON-EEC COUNTRIES) ARE STILL LIABLE TO CUSTOM DUTIES (TAXES DE DOUANE) NOT APPLIED TO SIMILAR ITEMS PURCHASED FROM EEC COUNTRIES. ( THIS IS OF COURSE RESULT OF "REVERSE PREFERENCES" GIVEN TO EEC COUNTRIES BY MADAGASCAR UNDER YAOUNDE II CONVENTION) THESE CUSTOMS DUTIES ARE NORMALLY 5-10 0/0 BUT SOMETIMES HIGHER --FOR EXAMPLE, 20 0/0 ON PRIVATE AUTOMOBILES.

6. COPIES OF NEW IMPORT TAX SCHEDULES BEING POUCHED COMMERCE/OIM.  
MENDENHALL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, IMPORT QUOTAS, GOVERNMENT REVENUES  
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**Copy:** SINGLE  
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**Decaption Date:** 01 JAN 1960  
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**Review History:** RELEASED <06-Sep-2001 by reddocgw>; APPROVED <13 FEB 2002 by kelleyw0>  
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**Status:** NATIVE  
**Subject:** GOMR RAISES IMPORT TAXES ON MANY ITEMS DEPARTMENT PASS TO COMMERCE  
**TAGS:** ETRD, MA, US, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005